

Message Text

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64

ACTION EB-11

INFO OCT-01 ARA-11 ADP-00 CAB-09 CIAE-00 COME-00 DODE-00

INR-10 NSAE-00 RSC-01 FAA-00 L-03 SS-15 NSC-10 PA-03

PRS-01 USIA-12 SIL-01 LAB-06 RSR-01 /095 W

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R 182307 Z JUN 73

FM AMEMBASSY SAN SALVADOR

TO SECSTATE WASHDC 3058

INFO AMEMBASSY MANAGUA

AMEMBASSY GUATEMALA

AMEMBASSY SAN JOSE

AMEMBASSY TEGUCIGALPA

AMEMBASSY PANAMA

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E. O. 11652 - N/A

TAGS: ETRN, XK, ES

SUBJECT: CIVAIR: CA AIRLINES MEETING AND PAN AM SITREP

REF: SAN SALVADOR 1566 NOTAL

1. TACA HOSTED A MEETING OF CENTRAL AMERICAN AND PANAMANIAN AIRLINES JUNE 14; AVIATECA, TAN, SAHSA, LANICA, LACSA, COPA AND AIR PANAMA REPRESENTATIVES ATTENDED THE HALF DAY SESSION. TACA'S VP QUEZADA SAID THE PURPOSE OF THE MEETING WAS TO ANALYZE TRAFFIC AND FINANCIAL PROBLEMS WHICH COMMONLY FACE CA CARRIERS AND TO SEEK SOLUTIONS. DISCREET EMBASSY INQUIRIES TO TACA'S STAFF CONCERNING THE MEETING, WITH NO MENTION OF INTEREST IN ITS OBVIOUS ANTI- PAN AM NATURE, WERE REBUFFED AND REFERRED TO TACA PRESIDENT KRIETE WHO DID NOT RESPOND. ONLY ONE NEWSPAPER REPORTED THE ANTI- PAN AM MOTIVE OF MEETING; OTHERS REFERRED TO THE AIRLINES' CONCERNS OVER RISING OPERATING COSTS, THE NEED FOR MORE TOURIST PROMOTION AND THE INOPPORTUNENESS OF THE INCREASED AIR FARES. QUEZADA REPORTEDLY SAID THAT THESE MEETINGS, ANOTHER OF WHICH IS TO BE HELD VERY SOON, COULD BE THE BASE OF THE INTEGRATION OF CA AIRLINES.

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2. THE NEWSPAPER WHICH REPORTED QUEZADA'S VIEW ON PAN AM SAID THAT PAN AM'S OPERATION IS INCOMPATIBLE WITH THE STABILITY OF THE CA AIRLINES. IT SAID THAT SINCE PAN AM RETIRED ITS 727'S FOR LARGER EQUIPMENT IT HAS NOT ONLY OVER-SATURATED THE MARKET BY SEAT AVAILABILITY BUT HAS ADDED FREQUENCIES TOO. THE PAPER QUOTED QUEZADA SAYING THAT THE MEETING TOOK NOTE THAT THE CA AIRLINES HAVE A LEGAL POSSIBILITY OF CARRYING PASSENGERS TO AND FROM TWO US CITIES TO THE FIVE CA'S AND PANAMA WHEREAS PANAM MOVES FROM CA AND PANAMA TO SEVEN US CITIES, BESIDES ITS CONNECTIONS TO MEXICO, SOUTH AMERICA, EUROPE, ASIA, ETC.

3. PANAM SALES DIRECTOR MARTINEZ REPORTED HEARING LITTLE ELSE ABOUT THE MEETING OTHER THAN THAT THE POSSIBILITY WAS DISCUSSED OF FORMING A SPECIAL CA COMMITTEE WHICH MIGHT GO TO WASHINGTON FOR DISCUSSIONS WITH THE USG. HE ALSO HEARD THAT THE GROUP VOICED OPPOSITION TO IBERIA'S RECENT ENTRY INTO THE AREA (DIRECT FLIGHTS TO SPAIN WITH DC-10'S BEGAN JUNE 17).

4. IT APPEARS THAT PANAM WILL COMPLETE A YEAR'S OPERATIONS ON TEMPORARY APPROVAL OF FLIGHT SCHEDULES. REFTEL REPORTED THE 60-DAY TEMPORARY APPROVAL FOR THE SUMMER SCHEDULE BEGINNING APRIL 29. MARTINEZ WAS RECENTLY ASSURED OF ANOTHER 60-DAY TEMPORARY APPROVAL; THAT SHOULD TAKE PANAM TO AUGUST 29 AND TWO MONTHS SHY OF THE WINTER SCHEDULE. ON SEPTEMBER 20, PANAM'S FIVE-YEAR OPERATING PERMIT EXPIRES AND IT IS PREPARING ITS APPLICATION FOR RENEWAL. THE ONLY CHANGE CONTEMPLATED IS A STOP-OVER IN WASHINGTON ON THE NEW YORK ROUTE. MARTINEZ EXPECTS PROBLEMS ON THE RENEWAL SINCE TACA HAS MADE CLEAR IT WANTS A NEW PERMIT TO RESTRICT PANAM TO SEAT AVAILABILITY CRITERIA. ON JUNE 14 THE GOES APPROVED THE IATA FARE INCREASES WHICH WENT INTO EFFECT ELSEWHERE MAY 1. ADDING TO PANAM'S WOES HAS BEEN BAD LOCAL PRESS CONCERNING ITS CURRENT LABOR CONTRACT NEGOTIATIONS. IN THE FACE OF AN OTHERWISE UNHAPPY 1973, MARTINEZ REPORTS SALES GOOD AND AN INCREASE OF SOME 2 PERCENTAGE POINTS IN THE LOCAL SHARE OF MARKET. CATTO

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